

SENATE BILL NO. 256—COMMITTEE ON COMMERCE AND LABOR

(ON BEHALF OF THE PUBLIC UTILITIES COMMISSION)

MARCH 22, 2005

Referred to Committee on Commerce and Labor

SUMMARY—Revises certain provisions relating to regulation of public utilities. (BDR 58-655)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to public utilities; revising certain provisions relating to the regulation of public utilities; changing the date on which the Public Utilities Commission of Nevada must mail certain report forms to public utilities and other regulated entities; revising certain provisions relating to consumer sessions; revising certain provisions relating to changes in rates and schedules; revising the period within which the Commission must take action on certain applications; revising the period within which an electric utility must file a general rate application; revising the period within which an electric utility must file an application to clear its deferred accounts; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law requires the Public Utilities Commission of Nevada to mail
- 2 reporting forms to public utilities and other providers on or before June 1 of each
- 3 year. The reporting forms are used by the utilities and providers to disclose
- 4 information regarding gross operating revenue, and that information is used by the
- 5 Commission to calculate the annual assessment levied on such revenue. (NRS
- 6 704.033, 704.035)
- 7 This bill requires the Commission to mail the reporting forms to the utilities
- 8 and providers on or before June 15 of each year.
- 9 Existing law requires the Commission to hold consumer sessions concerning
- 10 certain rate applications filed by public utilities. This requirement does not apply to



rate applications where the utility's annual gross operating revenue will increase by no more than \$50,000 or 10 percent, whichever amount is less. (NRS 704.069)

Under this bill, the Commission will not have to hold consumer sessions for rate applications where the utility's annual gross operating revenue will increase by no more than \$100,000 or 10 percent, whichever amount is less.

Existing law allows the Commission to dispense with a hearing regarding certain changes in telephone rates where the utility's annual gross operating revenue will increase by no more than \$50,000 or 10 percent, whichever amount is less. (NRS 704.100)

Under this bill, the Commission may dispense with a hearing regarding certain changes in telephone rates where the utility's annual gross operating revenue will increase by no more than \$100,000 or 10 percent, whichever amount is less.

Existing law requires the Commission to approve or disapprove certain rate applications within 180 days after the application is filed. (NRS 704.110)

This bill provides the Commission with 240 days to approve or disapprove those rate applications.

Existing law requires certain electric utilities to file general rate applications at least once every 24 months. (NRS 704.110)

This bill establishes a specific schedule for those electric utilities to file general rate applications. An electric utility that primarily serves less densely populated counties must file a general rate application in October of each odd-numbered year, and an electric utility that primarily serves densely populated counties must file a general rate application in November of each even-numbered year.

Existing law requires an electric utility using deferred accounting to file annual applications to clear its deferred accounts, unless certain conditions are met which authorize the electric utility to file a semiannual application. (NRS 704.187)

This bill establishes a specific schedule for those electric utilities to file their annual applications. An electric utility that primarily serves less densely populated counties must file an annual application to clear its deferred accounts in December of each year, and an electric utility that primarily serves densely populated counties must file an annual application to clear its deferred accounts in January of each year.

This bill also provides that an electric utility using deferred accounting may elect not to file an annual application to clear its deferred accounts if the net change in revenues necessary to clear its deferred accounts for the reported period is less than 2.5 percent of the total revenues generated from the electric utility's rates for purchased fuel and purchased power.

Finally, if an electric utility files an application to clear its deferred accounts and the electric utility proposes a substantial decrease in the base tariff energy rate most recently authorized by the Commission, this bill requires the Commission to consider information relating to rate design for the electric utility. This bill also authorizes the Commission to enter an order that adjusts the electric utility's rate design in that proceeding.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 704.035 is hereby amended to read as follows:
704.035 1. On or before June ~~14~~ **15** of each year, the Commission shall mail revenue report forms to all public utilities, providers of discretionary natural gas service and alternative sellers under its jurisdiction, to the address of those utilities, providers of



1 discretionary natural gas service and alternative sellers on file with
2 the Commission. The revenue report form serves as notice of the
3 Commission's intent to assess such entities, but failure to notify any
4 such entity does not invalidate the assessment with respect thereto.

5 2. Each public utility, provider of discretionary natural gas
6 service and alternative seller subject to the provisions of NRS
7 704.033 shall complete the revenue report referred to in subsection
8 1, compute the assessment and return the completed revenue report
9 to the Commission accompanied by payment of the assessment and
10 any penalty due, pursuant to the provisions of subsection 5.

11 3. The assessment is due on July 1 of each year, but may, at the
12 option of the public utility, provider of discretionary natural gas
13 service and alternative seller, be paid quarterly on July 1, October 1,
14 January 1 and April 1.

15 4. The assessment computed by the public utility, provider of
16 discretionary natural gas service or alternative seller is subject to
17 review and audit by the Commission, and the amount of the
18 assessment may be adjusted by the Commission as a result of the
19 audit and review.

20 5. Any public utility, provider of discretionary natural gas
21 service or alternative seller failing to pay the assessment provided
22 for in NRS 704.033 on or before August 1, or if paying quarterly, on
23 or before August 1, October 1, January 1 or April 1, shall pay, in
24 addition to such assessment, a penalty of 1 percent of the total
25 unpaid balance for each month or portion thereof that the
26 assessment is delinquent, or \$10, whichever is greater, but no
27 penalty may exceed \$1,000 for each delinquent payment.

28 6. When a public utility, provider of discretionary natural gas
29 service or alternative seller sells, transfers or conveys substantially
30 all of its assets or, if applicable, its certificate of public convenience
31 and necessity, the Commission shall determine, levy and collect the
32 accrued assessment for the current year not later than 30 days after
33 the sale, transfer or conveyance, unless the transferee has assumed
34 liability for the assessment. For purposes of this subsection, the
35 jurisdiction of the Commission over the selling, transferring or
36 conveying public utility, provider of discretionary natural gas
37 service or alternative seller continues until it has paid the
38 assessment.

39 7. The Commission may bring an appropriate action in its own
40 name for the collection of any assessment and penalty which is not
41 paid as provided in this section.

42 8. The Commission shall, upon collection, transfer to the
43 Account for the Consumer's Advocate that portion of the
44 assessments collected which belongs to the Consumer's Advocate.



Sec. 2. NRS 704.069 is hereby amended to read as follows:

704.069 1. The Commission shall conduct a consumer session to solicit comments from the public in any matter pending before the Commission pursuant to NRS 704.061 to 704.110, inclusive, in which:

(a) A public utility has filed a general rate application, an application to recover the increased cost of purchased fuel, purchased power, or natural gas purchased for resale or an application to clear its deferred accounts; and

(b) The changes proposed in the application will result in an increase in annual gross operating revenue, as certified by the applicant, in an amount that will exceed ~~[\$50,000]~~ **\$100,000** or 10 percent of the applicant's annual gross operating revenue, whichever is less.

2. In addition to the case-specific consumer sessions required by subsection 1, the Commission shall, during each calendar year, conduct at least one general consumer session in the county with the largest population in this State and at least one general consumer session in the county with the second largest population in this State. At each general consumer session, the Commission shall solicit comments from the public on issues concerning public utilities. Not later than 60 days after each general consumer session, the Commission shall submit the record from the general consumer session to the Legislative Commission.

Sec. 3. NRS 704.100 is hereby amended to read as follows:

704.100 Except as otherwise provided in NRS 704.075 and 704.68904 to 704.68984, inclusive, or as may otherwise be provided by the Commission pursuant to NRS 704.095 or 704.097 or pursuant to the regulations adopted by the Commission in accordance with subsection 4 of NRS 704.040:

1. A public utility shall not make changes in any schedule, unless the public utility:

(a) Files with the Commission an application to make the proposed changes and the Commission approves the proposed changes pursuant to NRS 704.110; or

(b) Files the proposed changes with the Commission using a letter of advice in accordance with the provisions of subsection 4.

2. A public utility shall post copies of all proposed schedules and all new or amended schedules in the same offices and in substantially the same form, manner and places as required by NRS 704.070 for the posting of copies of schedules that are currently in force.

3. A public utility may not set forth as justification for a rate increase any items of expense or rate base that previously have been considered and disallowed by the Commission, unless those items



1 are clearly identified in the application and new facts or
2 considerations of policy for each item are advanced in the
3 application to justify a reversal of the prior decision of the
4 Commission.

5 4. Except as otherwise provided in subsection 5, if the
6 proposed change in any schedule does not change any rate or will
7 result in an increase in annual gross operating revenue, as certified
8 by the public utility, in an amount that does not exceed \$2,500:

9 (a) The public utility may file the proposed change with the
10 Commission using a letter of advice in lieu of filing an application;
11 and

12 (b) The Commission shall determine whether it should dispense
13 with a hearing regarding the proposed change.

14 5. If the applicant is a public utility furnishing telephone
15 service and the proposed change in any schedule will result in an
16 increase in annual gross operating revenue, as certified by the
17 applicant, in an amount that does not exceed ~~[\$50,000]~~ \$100,000 or
18 10 percent of the applicant's annual gross operating revenue,
19 whichever is less, the Commission shall determine whether it should
20 dispense with a hearing regarding the proposed change.

21 6. In making the determination pursuant to subsection 4 or 5,
22 the Commission shall first consider all timely written protests, any
23 presentation that the Regulatory Operations Staff of the Commission
24 may desire to present, the application of the public utility and any
25 other matters deemed relevant by the Commission.

26 **Sec. 4.** NRS 704.110 is hereby amended to read as follows:

27 704.110 Except as otherwise provided in NRS 704.075 and
28 704.68904 to 704.68984, inclusive, or as may otherwise be provided
29 by the Commission pursuant to NRS 704.095 or 704.097 or
30 pursuant to the regulations adopted by the Commission in
31 accordance with subsection 4 of NRS 704.040:

32 1. If a public utility files with the Commission an application to
33 make changes in any schedule, including, without limitation,
34 changes that will result in a discontinuance, modification or
35 restriction of service, the Commission shall investigate the propriety
36 of the proposed changes to determine whether to approve or
37 disapprove the proposed changes. If an electric utility files such an
38 application and the application is a general rate application or an
39 application to clear its deferred accounts, the Consumer's Advocate
40 shall be deemed a party of record.

41 2. Except as otherwise provided in subsections 3 and ~~[11,]~~ 12,
42 if a public utility files with the Commission an application to make
43 changes in any schedule, not later than ~~[180]~~ 240 days after the date
44 on which the application is filed, the Commission shall issue a



1 written order approving or disapproving, in whole or in part, the
2 proposed changes.

3 3. If a public utility files with the Commission a general rate
4 application, the public utility shall submit with its application a
5 statement showing the recorded results of revenues, expenses,
6 investments and costs of capital for its most recent 12 months for
7 which data were available when the application was prepared. In
8 determining whether to approve or disapprove any increased rates,
9 the Commission shall consider evidence in support of the increased
10 rates based upon actual recorded results of operations for the same
11 12 months, adjusted for increased revenues, any increased
12 investment in facilities, increased expenses for depreciation, certain
13 other operating expenses as approved by the Commission and
14 changes in the costs of securities which are known and are
15 measurable with reasonable accuracy at the time of filing and which
16 will become effective within 6 months after the last month of those
17 12 months, but the public utility shall not place into effect any
18 increased rates until the changes have been experienced and
19 certified by the public utility to the Commission and the
20 Commission has approved the increased rates. The Commission
21 shall also consider evidence supporting expenses for depreciation,
22 calculated on an annual basis, applicable to major components of the
23 public utility's plant placed into service during the recorded test
24 period or the period for certification as set forth in the application.
25 Adjustments to revenues, operating expenses and costs of securities
26 must be calculated on an annual basis. Within 90 days after the date
27 on which the certification required by this subsection is filed with
28 the Commission, or within ~~180~~ 240 days after the date on which
29 the general rate application is filed with the Commission, whichever
30 time is longer, the Commission shall make such order in reference
31 to the increased rates as is required by this chapter. An electric
32 utility shall file a general rate application pursuant to this subsection
33 ~~at least~~ once every 24 months ~~[-]~~ *based on the following schedule:*

34 *(a) An electric utility that primarily serves less densely*
35 *populated counties shall file a general rate application on*
36 *October 3, 2005, and in October of each odd-numbered year*
37 *thereafter on a date specified by the Commission.*

38 *(b) An electric utility that primarily serves densely populated*
39 *counties shall file a general rate application on November 15,*
40 *2006, and in November of each even-numbered year thereafter on*
41 *a date specified by the Commission.*

42 4. If a public utility files with the Commission an application to
43 make changes in any schedule and the Commission does not issue a
44 final written order regarding the proposed changes within the time



1 required by this section, the proposed changes shall be deemed to be
2 approved by the Commission.

3 5. If a public utility files with the Commission a general rate
4 application, the public utility shall not file with the Commission
5 another general rate application until all pending general rate
6 applications filed by that public utility have been decided by the
7 Commission unless, after application and hearing, the Commission
8 determines that a substantial financial emergency would exist if the
9 public utility is not permitted to file another general rate application
10 sooner. The provisions of this subsection do not prohibit the public
11 utility from filing with the Commission, while a general rate
12 application is pending, an application to recover the increased cost
13 of purchased fuel, purchased power, or natural gas purchased for
14 resale pursuant to subsection 6 or an application to clear its deferred
15 accounts pursuant to subsection 7, if the public utility is otherwise
16 authorized by those provisions to file such an application.

17 6. A public utility may file an application to recover the
18 increased cost of purchased fuel, purchased power, or natural gas
19 purchased for resale once every 30 days. The provisions of this
20 subsection do not apply to an electric utility using deferred
21 accounting pursuant to NRS 704.187.

22 7. Except as otherwise provided in subsection 8 and subsection
23 4 of NRS 704.100, if an electric utility using deferred accounting
24 pursuant to NRS 704.187 files an application to clear its deferred
25 accounts and to change one or more of its rates based upon changes
26 in the costs for purchased fuel or purchased power, the Commission,
27 after a public hearing and by an appropriate order:

28 (a) Shall allow the electric utility to clear its deferred accounts
29 by refunding any credit balance or recovering any debit balance
30 over a period not to exceed 3 years, as determined by the
31 Commission.

32 (b) Shall not allow the electric utility to recover any debit
33 balance, or portion thereof, in an amount that would result in a rate
34 of return during the period of recovery that exceeds the rate of
35 return authorized by the Commission in the most recently completed
36 rate proceeding for the electric utility.

37 8. Before allowing an electric utility to clear its deferred
38 accounts pursuant to subsection 7, the Commission shall determine
39 whether the costs for purchased fuel and purchased power that the
40 electric utility recorded in its deferred accounts are recoverable and
41 whether the revenues that the electric utility collected from
42 customers in this State for purchased fuel and purchased power are
43 properly recorded and credited in its deferred accounts. The
44 Commission shall not allow the electric utility to recover any costs
45 for purchased fuel and purchased power that were the result of any



1 practice or transaction that was undertaken, managed or performed
2 imprudently by the electric utility.

3 9. *If an electric utility files an application to clear its deferred*
4 *accounts pursuant to subsection 7 and the electric utility proposes*
5 *a substantial decrease in the base tariff energy rate authorized by*
6 *the Commission in the most recently completed rate proceeding*
7 *for the electric utility, the Commission:*

8 (a) *Shall consider information relating to rate design for the*
9 *electric utility; and*

10 (b) *May enter an order that adjusts the rate design for the*
11 *electric utility.*

12 10. If an electric utility files an application to clear its deferred
13 accounts pursuant to subsection 7 while a general rate application is
14 pending, the electric utility shall:

15 (a) Submit with its application to clear its deferred accounts
16 information relating to the cost of service and rate design; and

17 (b) Supplement its general rate application with the same
18 information, if such information was not submitted with the general
19 rate application.

20 ~~10.1~~ 11. A utility facility identified in a 3-year plan submitted
21 pursuant to NRS 704.741 and accepted by the Commission for
22 acquisition or construction pursuant to NRS 704.751 and the
23 regulations adopted pursuant thereto shall be deemed to be a prudent
24 investment. The utility may recover all just and reasonable costs of
25 planning and constructing such a facility.

26 ~~11.1~~ 12. A PAR carrier may, in accordance with this section
27 and NRS 704.100, file with the Commission a request to approve or
28 change any schedule to provide volume or duration discounts to
29 rates for telecommunication service for an offering made to all or
30 any class of business customers. The Commission may conduct a
31 hearing relating to the request, which must occur within 45 days
32 after the date the request is filed with the Commission. The request
33 and schedule shall be deemed approved if the request and schedule
34 are not disapproved by the Commission within 60 days after the date
35 the Commission receives the request.

36 ~~12.1~~ 13. As used in this section:

37 (a) "Electric utility" has the meaning ascribed to it in
38 NRS 704.187.

39 (b) *"Electric utility that primarily serves densely populated*
40 *counties" has the meaning ascribed to it in NRS 704.187.*

41 (c) *"Electric utility that primarily serves less densely populated*
42 *counties" has the meaning ascribed to it in NRS 704.187.*

43 (d) "PAR carrier" has the meaning ascribed to it in
44 NRS 704.68942.



1 **Sec. 5.** NRS 704.187 is hereby amended to read as follows:

2 704.187 1. Except as otherwise provided in section 36 of
3 chapter 16, Statutes of Nevada 2001, beginning on March 1, 2001,
4 an electric utility that purchases fuel or power shall use deferred
5 accounting by recording upon its books and records in deferred
6 accounts all increases and decreases in costs for purchased fuel and
7 purchased power that are prudently incurred by the electric utility.

8 2. An electric utility using deferred accounting shall include in
9 its annual report to the Commission a statement showing, for the
10 period of recovery, the allocated rate of return for each of its
11 operating departments in this State using deferred accounting. If,
12 during the period of recovery, the rate of return for any operating
13 department using deferred accounting is greater than the rate of
14 return authorized by the Commission in the most recently completed
15 rate proceeding for the electric utility, the Commission shall order
16 the electric utility that recovered costs for purchased fuel or
17 purchased power through its rates during the reported period to
18 transfer to the next energy adjustment period that portion of the
19 amount recovered by the electric utility that exceeds the authorized
20 rate of return.

21 3. Except as otherwise provided in ~~[subsection 4.]~~ *this section,*
22 an electric utility using deferred accounting shall file an *annual*
23 application to clear its deferred accounts ~~[after the end of each 12-~~
24 ~~month period of deferred accounting.]~~ *based on the following*
25 *schedule:*

26 (a) *An electric utility that primarily serves less densely*
27 *populated counties shall file an annual application to clear its*
28 *deferred accounts on December 1, 2005, and in December of each*
29 *year thereafter on a date specified by the Commission.*

30 (b) *An electric utility that primarily serves densely populated*
31 *counties shall file an annual application to clear its deferred*
32 *accounts on January 17, 2006, and in January of each year*
33 *thereafter on a date specified by the Commission.*

34 4. *An electric utility using deferred accounting may elect not*
35 *to file an annual application to clear its deferred accounts if the*
36 *net change in revenues necessary to clear its deferred accounts for*
37 *the reported period is less than 2.5 percent of the total revenues*
38 *generated by the electric utility during that period from its rates*
39 *for purchased fuel and purchased power most recently authorized*
40 *by the Commission.*

41 5. An electric utility using deferred accounting may file ~~[an]~~ *a*
42 *semiannual* application to clear its deferred accounts ~~[after the end~~
43 ~~of a 6 month period of deferred accounting]~~ if the net ~~[increase or~~
44 ~~decrease]~~ *change* in revenues necessary to clear its deferred
45 accounts for the ~~[6-month]~~ *reported* period is more than 5 percent of



1 the total revenues generated by the electric utility during that period
2 from its rates for purchased fuel and purchased power most recently
3 authorized by the Commission.

4 ~~[5. The Commission shall adopt regulations prescribing the~~
5 ~~period within which an electric utility must file an application to~~
6 ~~clear its deferred accounts after the end of a period of deferred~~
7 ~~accounting.]~~

8 6. As used in this section:

9 (a) "Application to clear its deferred accounts" means an
10 application filed by an electric utility pursuant to this section and
11 subsection 7 of NRS 704.110.

12 (b) "Costs for purchased fuel and purchased power" means all
13 costs which are prudently incurred by an electric utility and which
14 are required to purchase fuel, to purchase capacity and to purchase
15 energy. The term does not include any costs that the Commission
16 determines are not recoverable pursuant to subsection 8 of
17 NRS 704.110.

18 (c) "Electric utility" means any public utility or successor in
19 interest that:

20 (1) Is in the business of providing electric service to
21 customers;

22 (2) Holds a certificate of public convenience and necessity
23 issued or transferred pursuant to this chapter; and

24 (3) In the most recently completed calendar year or in any
25 other calendar year within the 7 calendar years immediately
26 preceding the most recently completed calendar year, had a gross
27 operating revenue of \$250,000,000 or more in this State.

28 ➔ The term does not include a cooperative association, nonprofit
29 corporation, nonprofit association or provider of electric service
30 which is declared to be a public utility pursuant to NRS 704.673 and
31 which provides service only to its members.

32 (d) *"Electric utility that primarily serves densely populated*
33 *counties" means an electric utility that, with regard to the*
34 *provision of electric service, derives more of its annual gross*
35 *operating revenue in this State from customers located in counties*
36 *whose population is 400,000 or more than it does from customers*
37 *located in counties whose population is less than 400,000.*

38 (e) *"Electric utility that primarily serves less densely populated*
39 *counties" means an electric utility that, with regard to the*
40 *provision of electric service, derives more of its annual gross*
41 *operating revenue in this State from customers located in counties*
42 *whose population is less than 400,000 than it does from customers*
43 *located in counties whose population is 400,000 or more.*



1 **Sec. 6.** Section 35 of chapter 16, Statutes of Nevada 2001, as
2 last amended by chapter 604, Statutes of Nevada 2001, at page
3 3269, is hereby amended to read as follows:

4 Sec. 35. Except as otherwise provided in section 36 of
5 this act and notwithstanding the provisions of any other
6 specific statute to the contrary:

7 1. An electric utility shall not file an application for a
8 fuel and purchased power rider on or after the effective date
9 of this act.

10 2. Each application for a fuel and purchased power rider
11 filed by an electric utility which is pending with the
12 commission on the effective date of this act and which the
13 electric utility did not place into effect before or on April 1,
14 2001, is void and unenforceable and is not valid for any
15 purpose after April 1, 2001.

16 3. If, before March 1, 2001, an electric utility incurred
17 any costs for fuel or purchased power, including, without
18 limitation, any costs for fuel or purchased power recorded or
19 carried on the books and records of the electric utility, and
20 those costs were not recovered or could not be recovered
21 pursuant to a fuel and purchased power rider placed into
22 effect by the electric utility before March 1, 2001, the electric
23 utility is not entitled, on or after March 1, 2001, to recover
24 any of those costs for fuel or purchased power from
25 customers, and the commission shall not allow the electric
26 utility to recover any of those costs for fuel or purchased
27 power from customers.

28 4. Except as otherwise provided in this section, on and
29 after the effective date of this act:

30 (a) The commission shall not take any further action on
31 the comprehensive energy plan, and each electric utility that
32 jointly filed the comprehensive energy plan shall be deemed
33 to have withdrawn the comprehensive energy plan;

34 (b) The rates that each electric utility placed into effect on
35 March 1, 2001, pursuant to the comprehensive energy plan
36 shall be deemed to be a component of the electric utility's
37 rates for fuel and purchased power; and

38 (c) The revenues for services provided by each electric
39 utility for the period of March 1, 2001, to March 31, 2001,
40 inclusive, from the rates that each electric utility placed into
41 effect on March 1, 2001, pursuant to the comprehensive
42 energy plan shall be deemed to be a credit in the electric
43 utility's deferred accounts.

44 5. On or before October 1, 2001, each electric utility that
45 primarily serves densely populated counties shall file a



1 general rate application pursuant to subsection 3 of NRS
2 704.110, as amended by this act and Assembly Bill No. 661
3 of this session. On or before December 1, 2001, each electric
4 utility that primarily serves densely populated counties shall
5 file an application to clear its deferred accounts pursuant to
6 subsection 7 of NRS 704.110, as amended by this act and
7 Assembly Bill No. 661 of this session. After such an electric
8 utility files the application to clear its deferred accounts, the
9 commission shall investigate and determine whether the rates
10 that the electric utility placed into effect on March 1, 2001,
11 pursuant to the comprehensive energy plan are just and
12 reasonable and reflect prudent business practices. On the date
13 on which the commission issues a final order on the general
14 rate application, the commission shall issue a final order on
15 the electric utility's application to clear its deferred accounts.
16 The total rates to provide electric service that were in effect
17 on April 1, 2001, for the electric utility must remain in effect
18 until the date on which the commission issues a final order on
19 the general rate application. The commission shall not adjust
20 the rates of the electric utility during this period unless such
21 an adjustment is absolutely necessary to avoid rates that are
22 confiscatory under the Constitution of the United States or the
23 constitution of this state. The commission:

24 (a) May make such an adjustment only to the extent that it
25 is absolutely necessary to avoid an unconstitutional result;
26 and

27 (b) Shall not, in any proceedings concerning such an
28 adjustment, approve any rate or grant any relief that is not
29 absolutely necessary to avoid an unconstitutional result.

30 ➤ After the electric utility files the general rate application
31 that is required by this subsection, the electric utility shall file
32 general rate applications in accordance with ~~[subsection 3 of~~
33 ~~NRS 704.110, as amended by this act and Assembly Bill No.~~
34 ~~661 of this session.] chapter 704 of NRS.~~ After the electric
35 utility files the application to clear its deferred accounts that
36 is required by this subsection, the electric utility shall file
37 applications to clear its deferred accounts in accordance with
38 ~~[section 19 of this act and subsection 7 of NRS 704.110, as~~
39 ~~amended by this act and Assembly Bill No. 661 of this~~
40 ~~session.] chapter 704 of NRS.~~

41 6. On or before December 1, 2001, each electric utility
42 that primarily serves less densely populated counties shall file
43 a general rate application pursuant to subsection 3 of NRS
44 704.110, as amended by this act and Assembly Bill No. 661
45 of this session. On or before February 1, 2002, each electric



1 utility that primarily serves less densely populated counties
2 shall file an application to clear its deferred accounts pursuant
3 to subsection 7 of NRS 704.110, as amended by this act and
4 Assembly Bill No. 661 of this session. After such an electric
5 utility files the application to clear its deferred accounts, the
6 commission shall investigate and determine whether the rates
7 that the electric utility placed into effect on March 1, 2001,
8 pursuant to the comprehensive energy plan are just and
9 reasonable and reflect prudent business practices. On the date
10 on which the commission issues a final order on the general
11 rate application, the commission shall issue a final order on
12 the electric utility's application to clear its deferred accounts.
13 The total rates to provide electric service that were in effect
14 on April 1, 2001, for the electric utility must remain in effect
15 until the date on which the commission issues a final order on
16 the general rate application. The commission shall not adjust
17 the rates of the electric utility during this period unless such
18 an adjustment is absolutely necessary to avoid rates that are
19 confiscatory under the Constitution of the United States or the
20 constitution of this state. The commission:

21 (a) May make such an adjustment only to the extent that it
22 is absolutely necessary to avoid an unconstitutional result;
23 and

24 (b) Shall not, in any proceedings concerning such an
25 adjustment, approve any rate or grant any relief that is not
26 absolutely necessary to avoid an unconstitutional result.

27 ➡ After the electric utility files the general rate application
28 that is required by this subsection, the electric utility shall file
29 general rate applications in accordance with ~~[subsection 3 of~~
30 ~~NRS 704.110, as amended by this act and Assembly Bill No.~~
31 ~~661 of this session.] chapter 704 of NRS.~~ After the electric
32 utility files the application to clear its deferred accounts that
33 is required by this subsection, the electric utility shall file
34 applications to clear its deferred accounts in accordance with
35 ~~[section 19 of this act and subsection 7 of NRS 704.110, as~~
36 ~~amended by this act and Assembly Bill No. 661 of this~~
37 ~~session.] chapter 704 of NRS.~~

38 **Sec. 7.** This act becomes effective upon passage and approval.



